

Message Text

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ACTION AF-08

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FM AMEMBASSY CONAKRY

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C O N F I D E N T I A L CONAKRY 1731

STADIS////////////////////////////////

E.O. 11652: GDS

TAGS: EMIN PFOR PGOV GV US FR CA

SUBJECT: CBG BAUXITE COMPANY DEVELOPMENTS

REF: CONAKRY 1705

1. HALCO BOARD WILL MEET SEPTEMBER 29 IN NEW YORK TO HEAR JAUL'S REPORT OF TRIP AND CONSIDER HOW TO HANDLE GOG REQUEST FOR REVISION OF CHARTER TO DIMINISH FUNCTIONS OF HALCO AND EXPAND THOSE OF CBG IN GUINEA.

2. ACCORDING CBG PRESIDENT ARNAUD (WHO LEFT 26 AUGUST FOR A MONTH IN FRANCE), GOG HAS BECOME RATHER HOSTILE TOWARD HALCO PRESIDENT HARRY FAWCETT. THEY RESENT HIS PRACTICE OF VISITING GUINEA OCCASIONALLY ON COMPANY BUSINESS WITHOUT CLEARING SUBJECT MATTER AND APPOINTMENTS THROUGH MOUSSA DIAKITE.

3. COMMENT: SHAREHOLDER COMPANIES ARE IN FOR TIGHT NEGOTIATIONS WITH GOG REGARDING ROLES IN HALCO AND CBG. SHAREHOLDERS WILL TRY TO RESOLVE MAJOR ISSUES BEFORE FORMAL CBG BOARD MEETING 20 OCTOBER. POSSIBLY GOG HOPES IT CAN DIMINISH THE COLLECTIVE ROLE OF HALCO AND THEN PLAY THE SHAREHOLDERS OFF INDIVIDUALLY AGAINST EACH OTHER. THERE SEEMS TO BE ENOUGH

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JEALOUSY AMONG ALCOA, ALCAN, MARTIN MARIETTA AND PECHINEY-- WHO ARE OF COURSE DIRECT COMPETITORS ASIDE FROM THEIR PARTNERSHIP IN THIS PROJECT-- THAT SUCH A GOG STRATEGY MIGHT BE POSSIBLE. IN FACT, NEITHER JAOUL (PECHINEY) NOR ARNAUD (ALCAN) WERE ABLE TO HIDE THEIR SATISFACTION THAT GOG WANTED TO WHITTLE DOWN HALCO. THEY REGARD HALCO AS AN EXTENSION OF ALCOA IN PITTSBURG.

4. ARNAUD'S CRITICISM OF FAWCETT MAY BE IN PART PERSONALLY MOTIVATED, ALTHOUGH FAWCETT HAS SOUGHT INDIVIDUAL APPOINTMENTS DIRECTLY BY CABLE FROM PITTSBURG, WHICH GUINEANS NOW TERM QUOTE BREACH OF PROTOCOL UNQUOTE. FAWCETT HAS WORKED PERSONALLY (ON COMPANY TAX MATTERS) WITH ALIOUNE DRAME, NOW IN JAIL AS A CONFESSED CONSPIRATOR. DRAME WAS MINISTER OF PLAN AND STATISTICS AND MEMBER STATE COMMITTEE FOR AMERICAS, SO SEEMED A NORMAL CONTACT FRTV FAWCETT'S POINT OF VIEW. THIS VERY EMBARRASSING RELATIONSHIP HAS FORTUNATELY NOT SURFACED.

5. EMBASSY WILL DO ITS BEST TO KEEP OUT OF THE TEDIOUS INTERCOMPANY AND INTERPERSONAL RIVALRIES WHICH SEEM TO DISTINGUISH THE HALCO PARTNERS AND CBG, ALTHOUGH THE VARIOUS FACTIONS COME TO THE EMBASSY WITH THEIR STORIES AND EMBASSY CAN PERHAPS HELP TO MINIFY RIFTS.
HARROP

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